



The Big Sky Country

EXHIBIT 8

DATE 3-23-07

HB 258

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE MICHELE REINHART
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Dear Chairman Lake and Members of the House Taxation Committee:

On February 6, the committee voted to table HB 258, a bill to create a tax credit for electronic recycling. Based on that day's discussion, I feel that a correction to the fiscal note and further clarification regarding the unique challenges of electronic waste recycling warrant reconsideration of the bill.

The biggest concern to this bill centered on the high administrative cost. The fiscal note originally projected an FTE and over \$40,000 a year to administer the separate form required by the bill. With amendments recommended by the Department of Revenue and passed by this committee, this form and these high costs vanish. The amendments standardized the tax credit to line item, requiring only a one-time form fee of \$2,500.¹

In addition, the other fiscal effects may be overestimated. Fiscal note estimates are based on \$25 an item cost. This cost does not consider that much of the electronics recycling taking place in Montana is done at community events. These events often have community support in advertising, administration, and partnerships that allow a reduced rate. "Erase your E-Waste" in Helena for example, allowed for the collection of an entire computer system (CPU, Monitor, and accessories) for \$10 an item.

Tatooine Electronic Systems Inc, out of Billings, the largest operation in the state, is able to reduce its rate of \$.30 a pound to \$.20 per pound for such events. Last year they recycled 125,000 pounds of electronics, with 45,000 coming from collection events, or 36% of their business. Further, they estimate around 50% of their business comes from government agencies that would not be eligible for a tax credit. Next year, they hope to process 200,000-250,000lbs at a cost of \$60,000-\$65,000 dollars. Tatooine does not expect to see their operations or those from around the state reaching the \$224,000 a year projected by the fiscal note.

Based on a revised fiscal note, I would like HB 258 to be reconsidered by the committee. I would also like to provide an additional memo providing information to clarify the other concerns of the committee.

Sincerely,

Rep. Michele Reinhart

Representative Michele Reinhart

¹ Estimate provided by Neil Templeton from Department of Revenue.

Response to Electronic Waste Concerns HB 258

- 1) **E-Waste is not a very big concern.** Even though, these fiscal numbers may seem small, but electronics recycling is a problem that Montana will deal with much more in the coming years. Already, six tons of electronic waste to the Billings landfill every day (Billings Solid Waste Division).
- 2) **This tax credit will not solve the problem.** E-Waste needs a solution to be put in place now. The next Legislature can review this program and expand it if necessary. A sunset provision on this tax credit will encourage electronic recycling until the 2009 Session.
- 3) **Our current programs cover lead & plastics.** This is true, current programs do accept some materials, but these programs do not accept electronics. The hazards of electronic recycling lie in separating out the materials to send them off to different recyclers. In addition, these programs have other incentives. Car batteries currently have a deposit (around \$6) to encourage their disposal.
- 4) **Tax Credit is not much of an incentive.** This tax credit is the best alternative available to the state. This is a great example where a program requiring minimal state funding can have a large impact on this public health and safety concern.
- 5) **Local Cities/Counties should deal with it.** Local cities, counties, and landfills don't have the resources or funding to implement programs dealing with electronic waste. Developing a program in each county will be much more expensive in the long run.
- 6) **There are no incentives for other products (e.g. refrigerators).** We do have laws and guidelines; For example, the freon must be removed from refrigerators before it is put into a landfill (public safety & environmental concerns). We do not have similar guidelines on electronics.
- 7) **People will not itemize tax.** Some people will certainly claim the tax credit. Businesses will certainly benefit from the tax credit. The credit will provide awareness and incentive for individuals and business to responsibly recycle their waste.
- 8) **If we grant this tax credit, other recycling programs will want public incentives.** There are already established programs for other materials, like aluminum and glass. Only "hit and miss" programs exist for e-waste. Electronics will benefit the most from this public incentive. In addition, consumers must currently pay to get rid of electronics, which is not true for other materials.